

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6796

BILL NUMBER: SB 215

NOTE PREPARED: Jan 3, 2009

BILL AMENDED:

SUBJECT: Medicaid Overpayments.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires a provider to repay an alleged Medicaid overpayment. It allows an administrator to recoup the overpayment if an agreement cannot be reached with the provider within 60 days.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: This bill eliminates an option that allows a provider that has received a notice from the Office of Medicaid Policy and Planning (OMPP) that an overpayment has occurred to request a hearing and any subsequent appeal without repaying the alleged overpayment first. OMPP reported that the hearing and appeal process can delay the collection of overpayments for years. OMPP estimates the overpayment balance is in excess of \$24 M.

OMPP reports that currently they collect approximately 36% of all identified overpayments. OMPP did not provide data on the disposition of the remaining 64% identified overpayments with regard to the percentages associated with providers prevailing on appeal or amounts that remain unresolved.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 63% by the federal government, while the state share is about 37%. Funding for administrative services is generally shared 50/50.

Explanation of Local Expenditures: See *Explanation of State Revenues*, above, as it relates to

overpayments that may have been made to municipally owned or county-owned nursing facilities or health facilities.

Explanation of Local Revenues:

State Agencies Affected: OMPP, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: OMPP, Family and Social Services Administration.

Fiscal Analyst: Kathy Norris, 317-234-1360.